

Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 EB-11 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 SCI-06 INT-08 PA-04

PRS-01 USIA-15 NSC-07 SS-20 STR-08 CEA-02 DRC-01 /167 W

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R 271707Z MAR 74

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 7122

C O N F I D E N T I A L KINSHASA 2696

E.O. 11652: GDS

TAGS: EMIN, US, CG

SUBJECT: REYNOLDS AND ZAIRE TO ESTABLISH ALUMINUM INDUSTRY

REF: STATE 44605

1. SUMMARY: PRESIDENT OF REYNOLDS AND GOZ HAVE REACHED AGREEMENT IN PRINCIPLE ON JOINT VENTURE TO CONSTRUCT INTEGRATED ALUMINUM INDUSTRY IN ZAIRE FROM MINE TO FABRICATION BASED ON INGA POWER AND ZAIRIAN BAUXITE. ESTIMATED COST OF ALUMINUM AND REDUCTION PLANTS \$550-600 MILLION. END SUMMARY.

2. REYNOLDS DELEGATION (REFTEL) AND KEATING SPENT SIX DAYS WORKING OUT SET OF PRINCIPLES OF AGREEMENT WHICH WERE APPROVED IN PRINCIPLE ON MOBUTU'S BEHALF BY LETTER FROM DIRECTOR OF PRESIDENCY BISENGIMANA. MAIN PROVISIONS ARE:

(A) REYNOLDS BELIEVES BAUXITE DEPOSITS NEAR INGA MAY BE SUITABLE FOR LOCAL PRODUCTION OF ALUMINA. REYNOLDS PROPOSES CONSTRUCT PLANT WITH ANNUAL CAPACITY OF 700,000 TONS OF ALUMINA AT COST BETWEEN \$200 TO \$250 MILLION.

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(B) AN ADJACENT ALUMINUM REDUCTION PLANT CAPABLE OF PRODUCING 350,000 TONS PER YEAR. COST \$350 MILLION. PLANT WOULD BE BUILT IN STAGES AND WOULD USE 680,000 KW OF POWER FROM INGA I AND II. POWER TO BE SUPPLIED AT LOW COST. TARGET DATE 1978. LOCATION: MATADI, BOMA, OR BANANA.

(C) FABRICATING PLANTS SHOULD BE BUILT TO SUPPLY DOMESTIC INDUSTRY AND FOR EXPORT (E.G., CASTING PLANT, SHEET ROLLING MILL, FOIL MILL, EXTRUSION PLANT, PLANTS TO PRODUCE BARGES, BOATS, WIRE, CABLES, ROOFING, SIDING, ALUMINUM CANS).

(D) FINANCING. A ZAIRIAN CORPORATION WILL BE FORMED, OWNED EQUALLY BY GOZ AND REYNOLDS.

(E) REYNOLDS WILL TRAIN ZAIRIANS AND JOINT VENTURE WILL BENEFIT FROM REYNOLDS WORLDWIDE OPERATIONS IN PURCHASE OF RAW MATERIALS AND MARKETING.

3. ON MARCH 26 PRESIDENT MOBUTU RECEIVED REYNOLDS FOR 45 MINUTES. LATTER OUTLINED PROPOSAL AND NOTED IT WOULD MAKE ZAIRE ONE OF WORLD'S LARGEST PRODUCERS OF ALUMINUM. MOBUTU WAS ENTHUSIASTIC. HE ASSURED REYNOLDS RECENT ZAIRIANIZATION MEASURES WOULD NOT AFFECT AMERICAN INVESTORS IN ZAIRE AND PRAISED ACHIEVEMENTS OF AMERICAN BUSINESSMEN OPERATING IN ZAIRE (DETAILS SEPTEL).

4. REYNOLDS TEAM WAS BRIEFED SEPARATELY BY AMBASSADOR AND DCM DURING STAY. EMBASSY PROVIDED SECRETARIAL, TRANSLATION AND REPRODUCTION FACILITIES.
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